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CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

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STAFF MEMORANDUM NO. 31-57

SUBJECT: Preliminary Views on Colombia*

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1. Political power in Colombia presently rests in the hands of a military junta, headed by the former War Minister, Major General Gabriel Paris, and including four other military officers who held top posts under the Rojas regime. The junta has appointed, in collaboration with traditional political party leaders, a primarily civilian cabinet equally divided between Liberals and Conservatives who have not recently been prominent in politics. The junta suspended Rojas' puppet National Constituent Assembly, reestablished press freedom, and has begun to replace Rojas' departmental governors. It has publicly limited its tenure of office to 7 August 1958 and has promised to hold free elections before that date. Although the junta has obtained the pledged support of both the Liberal and Conservative parties, the strong endorsement of the powerful Catholic Church, and a substantial measure of popular support, it faces difficult political and economic problems.

* This memorandum has been discussed with DD/P and OCI.

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2. Political problems. Its immediate problem is to maintain stability. Although the junta has shown considerable skill in solidifying its position, there is no assurance that the junta as presently constituted can continue in power. The members of the junta are all Conservatives; however, they represent both moderate and extreme rightist elements with the moderates currently in the majority. It will probably be subjected to conflicting pressures in its efforts to restore domestic tranquility and political liberty. On the one hand, civilians will probably continue to press for prompt action toward the restoration of representative government, including early elections, as well as reduction of excessive military expenditures. On the other hand, some military elements will probably exert strong pressures for retention of the privileges which they acquired under the Rojas regime. Disagreements as a consequence of these pressures, as well as over such perennial problems as appointments, might cause significant disunity within the ruling group and lead to shakeups in the junta.

3. Probably the greatest potential source of difficulty for the regime is the possible development of disunity between and within the Conservative and Liberal parties, only recently united by their common

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objective of ousting Rojas. The leaders of both parties,* personally convinced of the need for unity to insure restoration of constitutional government and responsive to the appeal of the Church and the preference of business interests for moderation, appear determined to maintain a united front in their cooperation with the regime. However, their bi-partisan efforts will probably be severely strained by pressures from local and other national party leaders intent on protecting party interests and on obtaining positions of influence. The Liberals in particular will probably press for withdrawal of Liberal support from Conservative leader Guillermo Leon Valencia, who still appears to be the joint Conservative-Liberal presidential candidate,** and for separate Congressional slates. Moreover, factionalism within the Conservative party, particularly if ex-President Laureano Gomez returns, might place further strains on bi-partisan unity. If the electoral coalition is abandoned with the parties campaigning vigorously for their own candidates and if party rivalry is accompanied by widespread violence, the scheduled restoration of constitutional government would be jeopardized.

* Liberal leader Alberto Lleras Camargo and Conservative Guillermo Leon Valencia

** Guillermo Leon Valencia, a moderate Conservative, was selected as joint candidate prior to Rojas' ouster to demonstrate civilian unity in opposition to Rojas' reelection.

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4. Although subversion has generally declined in recent years, some increases in terrorist, guerrilla, and Communist activity might occur. Some extremist supporters of the former regime recently carried out terrorist acts in the capital and in a few other cities. Although presently active guerrillas appear to be primarily apolitical, engaged essentially in banditry, and are principally localized in one department,* guerrilla activity might become more intense and widespread in the event of a resumption of violent Conservative-Liberal rivalry. There is little evidence of Communist control among presently active guerrillas, and Communist capabilities for extensive subversion are limited. With a view to the 1958 elections, Communists may attempt to increase their activities in organized labor, but we do not believe they will meet with much success. Should there be any significant increase in subversion, the regime will probably take firm action to reduce it.

5. The economic problem. The regime also faces economic problems, primarily of a financial nature. Although the domestic economy remains fairly healthy, Colombia's balance of payments situation is serious. The former regime, in an effort to alleviate the problem, undertook an

* Western and central Tolima.

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austerity program including the restriction of imports and credit controls. Through agreements with foreign banks it settled the majority of its extensive arrears on foreign commercial obligations.* The present regime has indicated it will honor these agreements, but in order to do so it must maintain the austerity program. However, it will be faced by increasing demands from industrial and commercial interests to relax import controls, which have caused shortages resulting in a slackening of industrial and commercial activity, and by pressures from bankers to free credit controls. It is likely that the present regime will maintain the austerity program, undertaking only minimal measures, possibly including relaxation of some price controls, in an attempt to appease the business community.

6. The regime's economic problems are further complicated by a current budget deficit estimated at \$107 million and a shortage of dollar and other exchange.** The price of coffee, which provides about

* Estimated arrears settled as of end-March: US - \$126 million; West Germany - \$32 million; Canada - \$11 million; UK - \$9 million; Sweden - \$6 million. Settlement terms: 60% cash and 40% in bonds bearing 4% interest and amortized over 30 months.

** Exchange reserves: April 1957 - about \$133 million
January 1955 - \$257 million

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83% of Colombia's foreign exchange, is now at about the minimum level on which the current budget was based. Coffee prices may weaken somewhat over the next several months though not critically. In an effort to alleviate its balance of payments situation, it appears likely that the government, with the support of the business community, will devalue the peso. It has maintained the former regime's request for a \$25 million loan from the IMF, and will probably request additional financial assistance from the US and IBRD.

7. Prospects for transfer of power. The present regime is concerned with restoring and preserving the prestige of the military. It views itself as a provisional government entrusted with the responsibility for turning over power to a freely elected government, and we believe that it presently intends to hold country-wide elections during 1958. Pending such elections the regime will probably be beset with problems resulting from conflicting civilian and military pressures. The preparations for elections themselves, including formal registration of all voters, will be difficult and time-consuming. If Liberal and Conservative leaders are able to control their extremist partisan membership, the chances are fairly good that the regime will accomplish the transfer of power to an elected government on schedule. On the other hand, if Liberal-Conservative

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rivalry as well as Conservative factionalism are carried to extremes, the regime will probably postpone elections. In the latter event, serious civil disturbances would probably eventually force the military to turn over power to a civilian government. In any event, sooner or later, Conservative-Liberal political rivalry will be renewed in a struggle for power, and when this occurs, political tension in Colombia will become the rule rather than the exception.

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